

SENATE BILL REPORT

SB 6384

As of January 23, 2008

Title: An act relating to allowing out-of-state online wine retailers to ship to consumers in the state.

Brief Description: Allowing out-of-state online wine retailers to ship to consumers in the state.

Sponsors: Senators Weinstein, Kohl-Welles and McAuliffe.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/24/08.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Staff: Mac Nicholson (786-7445)

Background: Domestic and out-of-state wineries can ship wine to Washington residents, provided the winery is either licensed as a domestic winery or has a wine shipper's permit issued by the Liquor Control Board (LCB). An applicant for a wine shipper's permit must certify that it holds all necessary state and federal licenses and permits. The fee for a wine shipper's permit is 100 dollars.

Holders of a wine shipper's permit must pay, collect, and remit the liter and sales taxes on sales of wine to Washington residents, ensure that the carrier used to deliver the wine verifies the age of the recipient and verifies that the recipient doesn't appear intoxicated at the time of delivery, and are deemed to have consented to the jurisdiction of all laws, rules, and regulations related to the shipment of wine.

Summary of Bill: An out-of-state online retailer may obtain a wine shipper's permit, allowing the online retailer to ship wine to Washington residents. In order to obtain a wine shipper's permit, the online retailer must pay a fee as set by the LCB, certify that it holds all applicable state and federal licenses and permits necessary to operate as a wine retailer, and register with the Department of Revenue.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony: PRO: Direct shipping is beneficial to consumers and brings the state in line with a recent Supreme Court decision. The bill will allow Washington residents to access wines from all over the world. The increased competition would improve prices and product selection. Many out-of-state retailers illegally ship wine into the state, and this bill would legitimize the practice and allow the state to collect appropriate tax revenue.

CON: Enforcement is difficult as retailers aren't licensed with the federal government. The bill appears to benefit only out-of-state retailers without benefitting Washington retailers.

OTHER: The LCB has worked with the sponsor and have two changes they would like to see regarding shipping to residents of age, and consent to jurisdiction.

Persons Testifying: PRO: John Sullivan, Costco; Kelly Luzania, Wine.com, Inc.

CON: Ron Main, Washington Beer and Wine Wholesalers.

OTHER: Rick Garza, Liquor Control Board.